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UPDATE ON RECOMMENDATIONS 10 AND 11 FROM THE INDEPENDENT TECHNICAL REVIEW

INTRODUCTION

The Executive Summary of an independent technical review into the Labour Force Survey (LFS) and the ABS response to the review's recommendations were released on the ABS website on 9 December 2014. For details see the November 2014 issue of Labour Force, Australia (cat. no. 6202.0). This note provides an update on recommendations 10 and 11 of the review which related to the supplementary survey program and timing of Labour Force releases, respectively.

RECOMMENDATION 10

Recommendation 10 of the review and the ABS's initial response released on 9 December 2014 are:

Recommendation 10: Given the importance of the LFS data and the adverse effect of the associated supplementary survey program on these key economic indicators, the ABS should consider discontinuing the supplementary surveys, or conduct them in a manner that has a negligible impact on the LFS data.

ABS Response: Agree (to consider) and will be included in relevant work plans. Consultation with key stakeholders will be an integral component of the work plan. An update will be provided in mid-2015.

Further to the initial response in December 2014, the ABS has continued the supplementary survey program on the basis that:

- The corrections introduced into the seasonal adjustment process are an effective means of removing the impact of supplementary surveys from the seasonally adjusted and trend labour force estimates.
- The information provided by the supplementary surveys is important for assessing a range of labour market policies and currently there is no alternative cost-effective method for obtaining this information.
- The ABS is developing a proposal for a new Australian Population Survey and, as part of this development, will consider alternative means of collecting this information.
- A change to be made to one supplementary survey will minimise the likelihood of it having an unexpected impact on the labour force series. This is explained below.

Following the changes to the Labour Force Survey introduced from February 2014, only two of the current supplementary surveys have been identified as having a potential impact on labour force estimates. These surveys are:

- Characteristics of Employment which is conducted each August from 2014, and
- Participation, Job search and Mobility which is conducted each February from 2015.

Each of these supplementary surveys consist of their own core set of questions which will be repeated each year, and two additional modules with different questions relating to the topics covered by the supplementary survey. These modules are referred to as modules A and B and it was planned that they would be conducted in alternating years. The first iteration of each supplementary survey (in August 2014 and February 2015, respectively) comprised each survey's core set of questions and the A module. Before proceeding with the second iteration of the supplementary surveys the ABS considered the potential impact on the labour force series of replacing the A module with the B module.

Characteristics of Employment

The August 2014 Characteristics of Employment supplementary survey had an identifiable but not large impact on the labour force series, and this impact was removed by the correction methodology. As both the A and B modules contain related content and target similar population groups, it is anticipated that the Characteristics of Employment supplementary survey with module B will have a similar minimal impact on the labour force estimates as the survey with module A and any impact can be removed through the prevailing ABS correction methodology. On this basis the August 2015 Characteristics of Employment supplementary survey will retain its core set of questions and replace module A with module B as planned.

Participation, Job search and Mobility

The February 2015 Participation, Job search and Mobility supplementary survey with module A had a significantly greater impact on the labour force series than the Characteristics of Employment supplementary survey. Unlike the two Characteristics of Employment modules, the Participation, Job search and Mobility module A and module B contain significantly different content, target different population groups and contain a significantly different number of questions. On this basis it is likely that the impact on the labour force estimates of the Participation, Job search and Mobility supplementary survey with module B will differ significantly from the impact observed with module A. For this reason and as the module A content is considered more important to stakeholders, the February 2016 Participation, Job search and Mobility supplementary survey will retain its core set of questions but continue with module A rather than change to module B. Any impact can be removed through the prevailing ABS correction methodology.

RECOMMENDATION 11

Recommendation 11 of the review and the ABS's initial response released on 9 December 2014 are:

Recommendation 11: The LFS processing and publication cycle should be closely monitored to determine whether or not it is necessary to delay publishing LFS data until early in the week following the current timetable on an ongoing basis or at least when changes are being made to the LFS. In particular, delaying the publication should be considered if any significant change is to be implemented.

ABS Response: Agree and will be included in relevant work plans in relation to future changes to the LFS. Needs further consideration, including consultation where appropriate, in relation to any

ongoing change to the LFS publication cycle. An update will be provided in mid-2015.

To progress this issue, the ABS will prepare a discussion paper to consider the implications of an ongoing delay to the Labour Force releases. The paper will consider:

- The potential benefits in data quality that may arise from a delay (e.g. would other indicators be available to assist in quality assuring the labour force series).
- The extent that current risks to the release due to unexpected system or other issues would be reduced by a delay.
- If the detailed monthly series and quarterly series would also need to be delayed a week, or if they could be released at the same time as the main monthly publication.

The ABS will develop the above discussion paper over the next month and will provide it to members of the Labour Statistics Advisory Group in September 2015. If other stakeholders would like to receive a copy of the discussion paper please send an email to labourforce@abs.gov.au.

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